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ZNR UUUUU ZZH (CCY AD66D7DB AMG0187-695)
R 041118Z MAY 09
FM AMEMBASSY BUDAPEST
TO RUEHC/SECSTATE WASHDC 4127
INFO RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS BUDAPEST 000331

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SUBJECT: HUNGARY'S RESPONSE TO THE 2009 SPECIAL 301 DEMARCHE

REF: A. SECSTATE 42792

[B](#). BUDAPEST 155

[C](#). BUDAPEST 297

[1](#). (SBU) On April 29, Pol/EconOff delivered the demarche (Ref A) talking points to Lazzlo Varkonyi, Trade Representative, Ministry of Economy (MOE), and Andras Szorenyi and David Horvath, U.S. Desk Officers, Ministry of Foreign Affairs (MFA). All were pleased that the USTR recognized the efforts of the National Board against Counterfeiting and Piracy (HENT), and recent successful raids and seizures of pirated goods by customs agents.

[2](#). (SBU) Noting the USTR's concerns with deficient prosecution and lenient court judgments, both MOE and MFA interlocutors stated that because the judicial branch is independent, it is the hardest to influence. However, Post believes that conferences and training provided by external sources, such as NGO's and ILEA appear to have, as the Hungarian Patent Office notes (Ref B), a positive effect.

[3](#). (SBU) Varkonyi stated that "the list is not the most important deterrent, although an outside view is helpful as a reference point and motivation to continue efforts in protecting IP - an intrinsic interest of Hungary."

[4](#). (SBU) Currently, the Prime Minister's Office and the Hungarian Patent Office are the main driving forces behind the HENT efforts to address IP issues. Both offices are in the midst of restructuring and changin leadership following the election of Prime Minister Bajnai (Ref C). In telephone conversations on April 29 with Pol/EconOff, representatives in both offices expressed strong interest in drafting a work plan to address internet-based digital piracy, and the mass production and street sales of pirated audio and visual materials. Post will continue to work with the USTR to develop a work plan to eventually remove Hungary from the watchlist.

Levine